



Government of **Western Australia**
Department of **Health**

Performance Management Policy Information Compendium



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1 Introduction

The *Health Services Act 2016*¹ mandates the Director General of the Department of Health as the System Manager of the WA health system, with Health Service Providers as separate statutory authorities.

Health Service Providers are either board governed or chief executive governed.

East Metropolitan Health Service (EMHS), Child and Adolescent Health Service (CAHS), North Metropolitan Health Service (NMHS), South Metropolitan Health Service (SMHS), and WA Country Health Service (WACHS) are board governed Health Service Providers. Health Support Services, the Quadriplegic Centre and PathWest are chief executive governed Health Service Providers.

Health Service Providers are required to deliver the activities and services purchased in the Service Agreements by the System Manager at the expected standards of performance listed in the *Performance Management Policy*² (PMP). The PMP is a mandated policy in the *Performance Policy Framework*².

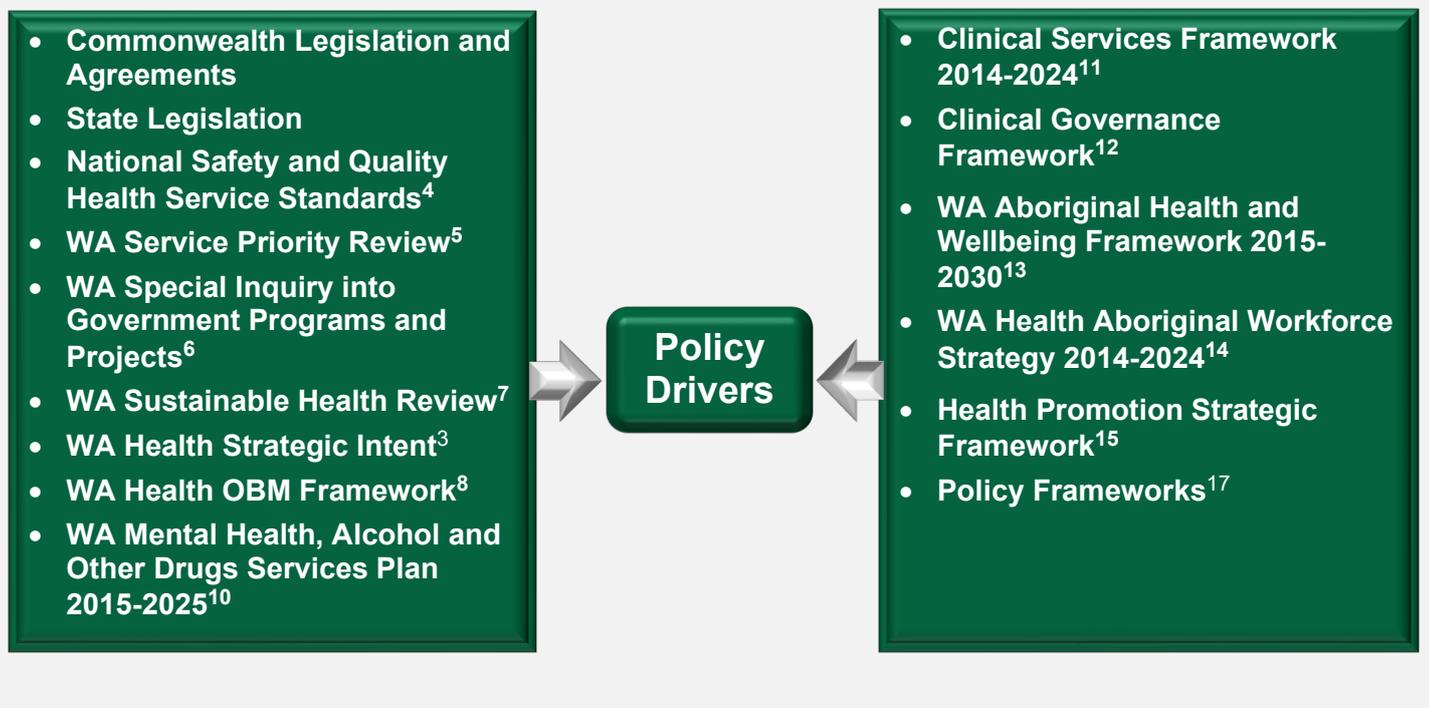
Under s20(1)(m) of the *Health Services Act 2016*, the System Manager is tasked with monitoring the performance of Health Service Providers, and taking remedial action when performance does not meet the expected standard.

This compendium explains key elements of the PMP. Additionally, it also provides context to support an understanding of the mandated requirements outlined in the PMP.

2 Policy drivers

The PMP is aligned to the *WA Health Strategic Intent*³. WA Government policies and priorities, healthcare agreements between the State and Commonwealth Government, and the State and National health reform agendas also inform the PMP. The key policy drivers for the PMP are outlined in Figure 1.

Figure 1: Policy drivers



2.1 WA Health Strategic Intent

The WA health system's vision is to deliver a safe, high quality, sustainable health system for all Western Australians. This responsibility cascades down through the *WA Health Strategic Intent*³ and the values and core policy drivers that impact health service delivery. The system performance indicators (PIs) included in the PMP are aligned to the four priorities and seven enablers outlined in the *WA Health Strategic Intent*³.

2.2 State government goals and desired outcomes

The WA Public Sector Commission *Outcome Based Management (OBM) Framework*¹⁶ is the performance management framework for State Government agencies. Mandatory OBM requirements for the WA health system are outlined in the WA health system's *OBM Policy*⁸. The *OBM Policy Information Compendium*¹⁷ provides further information. PMP performance indicators are aligned to OBM efficiency and effectiveness key performance indicators when appropriate.

2.3 National priorities

In performing or exercising any function or power under the *Health Services Act 2016*, the Minister for Health, the Department of Health and Health Service Providers must have regard to

the *National Health Reform Act 2011*¹⁸ and the *National Health Reform Agreement*¹⁹. The PMP includes policy based alignments for priority areas identified and funded at a National level.

2.4 Sustainable Health Review

The *Sustainable Health Review*²⁰ was released in April 2019. The review identifies eight 'Enduring Strategies' to promote the short, medium and long term sustainability of the health system in WA.

The 'Enduring Strategies' are supported by 30 recommendations. The recommendations place a strong community-centred focus on equity, prevention and providing seamless access to the right services in the right settings. The recommendations also foster innovative solutions to deliver effective and efficient services that are safe, high quality and patient-centred.

Many of the review recommendations will further consolidate the maturity of system performance management within the WA health system. Key recommendations in the review that will directly aid effective system performance management include:

- *“Recommendation 6(b) - Immediate transparent public reporting of patient outcomes and experience.*
- *Recommendation 16 - Establish a systemwide high value health care partnership with consumers, clinicians and researchers to reduce clinical variation and ensure only treatments with a strong evidence base and value are funded.*
- *Recommendation 17 - Implement a new funding and commissioning model for the WA health system from July 2021 focused on quality and value for the patient and community, supporting new models of care and joint commissioning.*
- *Recommendation 21 - Invest in analytical capability and transparent, real-time reporting across the system to ensure timely and targeted information to drive safety and quality, to support decision making for high value healthcare and innovation, and to support patient choice.*
- *Recommendation 23 - Build a systemwide culture of courage, innovation and accountability that builds on the existing pride, compassion and professionalism of staff to support collaboration for change.*
- *Recommendation 24 - Drive capability and behaviour to act as a cohesive, outward-looking system that works in partnership across sectors, with a strong focus on system integrity, transparency and public accountability.*
- *Recommendation 28 - Establish a systemwide network of innovation units in partnership with clinicians, consumers and a wide range of partners to quickly develop, test and spread initiatives delivering better patient care and value.”*²⁰

3 Service Agreements

The System Manager and each Health Service Provider enters into a Service Agreement²¹. The Service Agreements outline the requirements of the formal relationship between the Department of Health led by the Director General as the System Manager, and each Health Service Provider.

Key elements of the Service Agreement include:

- health services (including mental health services) to be provided
- teaching, training and research in support of the provision of services
- funding to be provided, including the way the funding is provided
- operational targets and how the evaluation and review of these results is carried out
- performance data and other data to be provided to the System Manager
- any other matter the Director General considers relevant to the provision of services.

The Service Agreements ensure that the State Government's policy objectives on health service delivery are clearly set out. They provide the basis for both purchasing of services and evaluation of performance.

Under s52(1) of the *Health Services Act 2016*, a Health Service Provider must report its performance under the Service Agreement to the Director General within three months of the end of the agreement.

The PMP is the performance management component of the Service Agreements.

4 Elements of the PMP

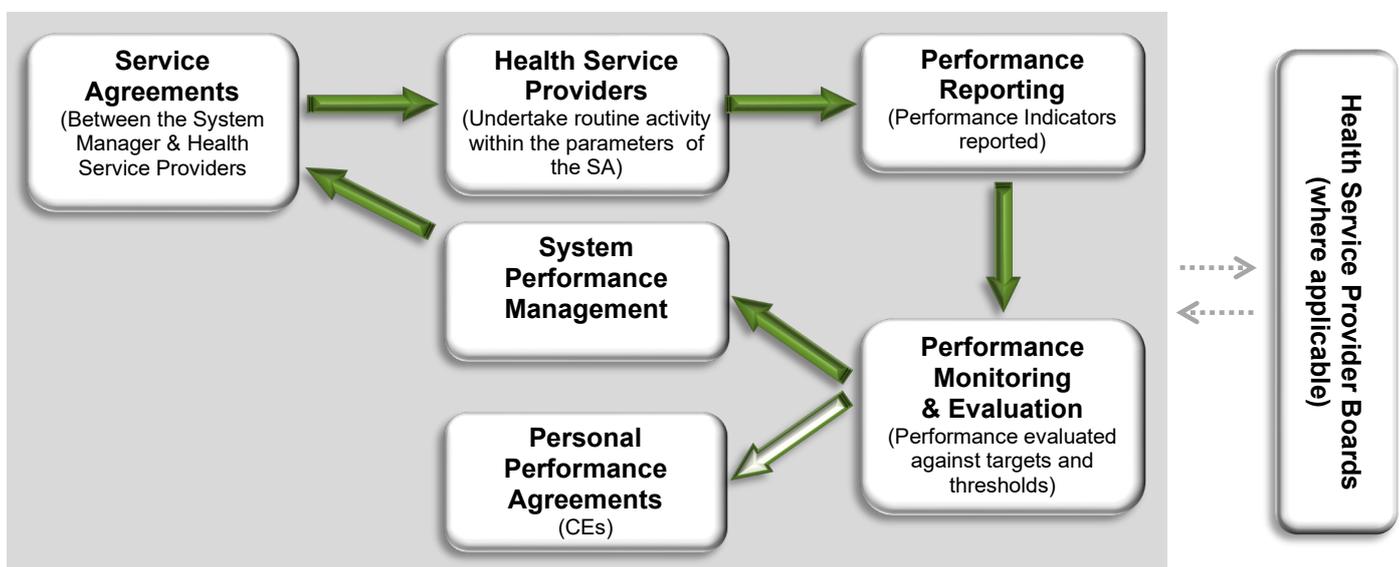
The PMP outlines the performance management cycle. It is based on a responsive regulation model. The model enables accountability through agreed mechanisms in response to identified performance issues. The aim is for continuous improvement towards the achievement of specified targets.

The PMP includes Health Service Provider-specific performance indicators, targets and thresholds; monitoring and evaluation processes; and performance management and intervention processes.

The *Health Service Performance Report*²² (HSPR) is the reporting component of the PMP. The HSPR informs the monthly assessment of Health Service Provider performance against the prescribed performance indicator targets and thresholds.

If performance against a target is a concern an intervention process is initiated. The intervention process is outlined in the PMP. Figure 2 illustrates the elements of the PMP.

Figure 2: Elements of the Performance Management Policy



5 Role, functions and powers of the System Manager

The Department of Health led by the Director General performs the role of the System Manager for the WA health system. The *Health Services Act 2016* clearly outlines the role, functions and powers of the System Manager, which includes:

- responsibility for strategic leadership, planning and direction
- management of systemwide industrial relations and set conditions of the employment for Health Service Provider employees
- establishment of compulsory Service Agreements with Health Service Providers that outline budget, activity and performance measures
- monitors performance and take remedial action when performance does not meet expected standards
- arrangement for the provision of health services by contracted health entities
- recommendations to the Minister for Health for the amounts that may be allocated from the health portfolio budget to Health Service Providers
- oversight, monitoring and promoting improvements in the safety and quality of health services.

The System Manager also has several mechanisms of remediation:

- issue binding policy frameworks and directions to Health Service Providers
- agree on the performance improvements with the Chief Executive of each Health Service Provider
- evaluation and performance management of a Health Service Provider under the Service Agreement
- assess compliance, performance, safety, quality, and patient services through the powers of investigation, inspection and audit
- power to conduct an inquiry into the functions, management or operations of Health Service Providers.

6 Role, functions and powers of Health Service Providers

Health Service Providers, both board governed and chief executive governed, are responsible for service delivery. The *Health Services Act 2016* clearly outlines the role, functions and powers of the Health Service Providers including:

- provide safe, high quality, efficient, and economical services
- accountable for health service delivery and performance management in accordance with the Service Agreement:
 - funding
 - performance measures (e.g. clinical, financial, safety and quality, audit)
 - operational targets
- employing authority of Health Service Provider staff
- contribute to, and implement systemwide plans
- develop and implement, corporate and clinical governance arrangements
- maintain land, buildings and assets controlled and managed by the Health Service Provider
- arrange for the provision of health services by contracted health entities subject to a Director General direction and the *State Supply Commission Act 1991*
- comply with policy frameworks and directions issued by the Director General
- consult with health professionals working for the Health Service Provider and consult with health consumers and community members about the provision of health services
- cooperate with other Health Service Providers, including providers of primary health care, in planning for, and providing, health services.

The Minister can also issue directions to Health Service Providers with respect to the performance of their functions.

7 System performance management

7.1 PMP Performance indicators, targets and thresholds

The Director General endorses the suite of performance indicators, targets and thresholds in the PMP.

The *System Performance Indicator Information Compendium*²³ outlines the process for the development and review of system performance indicators.

Ongoing reviews are conducted with key stakeholders and subject matter experts to ensure performance indicators and targets remain robust, relevant and aligned to the current WA health system priorities and objectives.

The performance indicator targets and thresholds play a pivotal role in performance reporting and evaluation.

Targets are established by adopting the most appropriate alignments to WA health system's strategic objectives by considering the following:

1. existing National policy-based targets
2. existing State policy-based targets
3. evidence-based best practice, previous performance baselines, the results of the rigorous testing, and/or expert advice from data custodians/providers.

The performance indicator targets and thresholds for each performance indicator are defined in Health Service Provider-specific PMP Addendums 1-4.

The performance thresholds for individual performance indicators may comprise:

- Performing 
- Under-Performing 
- Not Performing 

7.2 Performance reporting

The performance reporting component of the PMP is the *Health Service Performance Report* (HSPR).

The monthly HSPR provides timely information and analysis to assist in managing system performance. The HSPR is available to all staff in the WA health system via the [HSPR Application](#).

The HSPR Performance Indicator Definition Manuals are also available via the [HSPR Application](#). The manuals provide users data specifications and limitations for each HSPR performance indicator.

7.3 Performance review meetings

The System Manager conducts formal performance review meetings with individual Health Service Providers. The frequency of the performance review meetings is contingent on individual Health Service Provider performance.

If performance concerns are identified the performance review meetings will be held monthly until performance issues are resolved. The System Manager will reduce the frequency of performance review meetings for sustained good performance.

A performance concern can be a concern about performance against a PMP performance indicator mandated target, or a concern about any other performance related matter.

The meetings aim to assist Health Service Providers to continually improve performance, to manage issues proactively, achieve performance targets and to avoid the need for further action. The discussion is intended to be interactive and to enable Health Service Providers to raise relevant issues.

The meetings cover previously agreed actions, flag potential or emerging performance issues and identify risks which could impact future performance. Actions and requirements of the Health Service Providers and the System Manager are clearly recorded.

7.4 Intervention model

Health Service Providers must comply with all intervention requirements issued by the System Manager. The response and intervention levels will be discussed as a part of the performance review meetings, as required. In responding to any sustained performance concerns, the objective is to build capacity and sustainability where appropriate.

The System Manager may determine further actions required to monitor performance or remediate any performance concerns. The level of response and intervention is based on:

- the extent of sustained good performance
- the seriousness of performance concerns
- the likelihood of rapid deterioration or rapid improvement
- the level of support required to sustain health service operations or manage risks
- recovery plan implementation progress and effectiveness
- persistent and emerging financial and/or clinical, safety and quality risks
- other demonstrated performance deficits.

7.4.1 Recovery plans

As outlined in the PMP, if a performance concern arises the System Manager may require a formal recovery plan. The System Manager also determines the timeframe in which the recovery plan is required.

Each performance concern is unique. The recovery plan provides stakeholders a clear understanding of the evidence-based strategies to be implemented to address the identified root causes and primary drivers of the performance concern. The recovery plan also details the governance, communication, risk mitigation, implementation and transition plans to support

performance recovery. The PMP mandates that the Health Service Provider Board must endorse the recovery plan prior to submission to the System Manager for final approval.

It is important to recognise that the success of a recovery plan is the remediation of the performance concern and not the extent to which the recovery plan is implemented. It also needs to be acknowledged that the success of the recovery plan is a measure of the Health Service Provider's capacity and capability to address the performance concern.

The [Recovery Plan Guidelines](#) is a supporting document in the PMP. The guidelines offer Health Service Providers a toolkit to develop recovery plans. The guidelines are not mandatory.

Glossary

Effectiveness measures how well the outputs of a service achieve the stated objectives of that service. The dimensions of effectiveness include access, appropriateness and/or quality.

Efficiency describes overall economic efficiency.

Health Service Provider (HSP) is established by an order made under Section 32(1)(b) of the *Health Services Act 2016*. Current Health Service Providers include East, North, and South metropolitan health services, WA Country Health Service, Child and Adolescent Health Service, Health Support Services, the Quadriplegic Centre and PathWest.

Key Performance Indicator (KPI) is a measure that provides an 'indication' of progress towards achieving an agreed State Government priority and desired outcome.

Outcome describes the impact of a service on the status of an individual or a group, and on the success of the service area in achieving its objectives.

Outcome Based Management (OBM) describes how outcomes, services, sub services, programs and KPIs are used to measure WA health system performance against agreed State Government priorities and desired outcomes.

Performance concern is a concern about performance against a performance indicator, or a concern about any other performance related matter.

Performance Indicator is a measurable value that provides an 'indication' of progress towards achieving the organisation's objectives or outputs.

Performance recovery is the remediation of a performance concern.

Service Agreement is the Agreement between the Director General of the Department of Health and the Health Service Providers in accordance Sections 46-53 of the *Health Services Act 2016*.

WA health system refers to the public health system in WA as defined in Section 19(1) of the *Health Services Act 2016*. The WA health system comprises the Department of Health, Health Service Providers and contracted health entities (to the extent that contracted health entities provide health services to the State).

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